

25TH GLOBAL SHIPBUILDING TOP EXECUTIVE MEETING TAKE A CLEAR VIEW ON MARKET DOWNTURN

October 2016

From 19 till 20 October 2016, top executives from major shipbuilders from Japan, Europe, China, South-Korea and the United States met in Gyeongju (South-Korea) in the context of the 25th JECKU, to discuss the industry's challenges in supply and demand and in addressing regulatory matters.

This year's meeting took place under extraordinary circumstances, notably against a background of a global shipbuilding industry experiencing very harsh demand contractions. Newbuilding demand has been low in practically all market segments of the shipbuilding industry, with the exception of passenger ships.

All delegations expressed deep concerns about the current world economic situation. The decrease in new shipbuilding orders and few positive signs of recovery in the near future cause a difficult situation to most of the shipbuilding nations. Signs of protectionism in many parts of the world form a worrisome trend and geopolitical risks will add to the uncertainty of global trade.

Corrado Antonini, Honorary Chairman of SEA Europe and chair of the European JECKU delegation said: *"Without painful measures to reduce excess capacity, in shipping like in shipbuilding, the markets cannot return to equilibrium. For decades we have discussed time and time again how to address harmful factors in global shipbuilding such as overcapacity, market distortions and unsustainable pricing"*.

Unfortunately, also the demand side, i.e. our customers, provided in the past little encouragement in addressing the problem. We believe, our efforts towards international rules, safeguarding normal competitive conditions in world shipbuilding, could have served as a stabilizing factor also with regard to the imbalanced shipping markets. I find it encouraging that also at Tripartite level involving owners, class and yards, the need to address together, not only technical issues but also shared concerns in the market, has now been recognised. Perhaps this could be a new a key element aiming at finding collective solutions together with our customers."

While the delegations acknowledged that the difficult market situation in shipbuilding is linked to a slow and uncertain economic recovery and a mismatch between shipbuilding capacity and demand, they also recognized that the challenges of tighter environmental requirements could provide the opportunity for innovation. And innovation in shipbuilding technologies will be of core importance for a steady development of the eco-friendly maritime industry. It could also open-up new business areas.

The top executives shared the view that shipbuilders need to urge regulatory authorities to implement worldwide environmental regulation which stimulates innovation, while at the same time safeguard intellectual property.

All delegations agreed to make constant disciplined efforts for a continued sound development of the shipbuilding industry and for intensifying corporate social responsibility for the industry.

The 26th JECKU Top Executive Meeting will be hosted by the United States in San Diego (California) and take place on 15 and 16 November 2017.



For further information please contact:

Christophe Tytgat, Secretary General - ct@seaeurope.eu Tel: +32 (0)2.230.32.87